

Article 19.

Claims Against the Estate.

§ 28A-19-1. Manner of presentation of claims.

(a) A claim against a decedent's estate must be in writing and state the amount or item claimed, or other relief sought, the basis for the claim, and the name and address of the claimant; and must be presented by one of the following methods:

- (1) By delivery in person or by mail to the personal representative, collector or the clerk of superior court. Such claim will be deemed to have been presented from the time of such delivery.
- (2) By mailing, registered or certified mail, return receipt requested, to the personal representative or collector at the address set out in the general notice to creditors. Such claim will be deemed to have been presented from the time when the return receipt is signed by the personal representative, collector, or agent of the personal representative or collector, or is refused by the personal representative, collector, or agent of the personal representative or collector.
- (3) By delivery to the clerk of court of the county in which the estate is pending, which notice shall be filed in the appropriate estate file and copy mailed first class by the clerk of superior court at the expense of the claimant to the personal representative, collector, or agent of the personal representative or collector. The claim will be deemed to have been presented from the time of delivery to the clerk of court.

(b) In an action commenced after the death of the decedent against the decedent's personal representative or collector as such, the commencement of the action in the court in which such personal representative or collector qualified will constitute the presentation of a claim and no further presentation is necessary. In an action filed in any other court such claim will be deemed to have been presented at the time of the completion of service of process on such personal representative or collector.

(c) In an action pending against the decedent at the time of the decedent's death, which action survives at law, the court may order the substitution of the personal representative or collector for the decedent on motion therefor and that motion will constitute the presentation of any claim pending in the action, provided that the substitution or a motion for substitution is made within the time specified for the presentation of claims under G.S. 28A-19-3, and no further presentation is necessary. Such claim will be deemed to have been presented from the time of the substitution, or motion therefor. Neither the timely substitution of the personal representative nor timely motion therefor as provided in this subsection extends the time for filing additional claims. (1973, c. 1329, s. 3; 1977, c. 446, s. 1; 1985, c. 645, s. 1; 2011-344, s. 4; 2014-107, s. 4.1.)

§ 28A-19-2. Further information or affidavit of claim may be required.

(a) If the personal representative or collector so elects, the personal representative or collector may demand any or all of the following prior to taking action on the claim:

- (1) If the claim is not yet due, that the date when it will become due be stated;
- (2) If the claim is contingent or unliquidated, that the nature of the uncertainty be stated;
- (3) If the claim is secured, that the security be described.

(b) Upon any claim being presented against the estate in the manner prescribed in G.S. 28A-19-1, the personal representative or collector may require the affidavit of the claimant or other satisfactory evidence that such claim is justly due, that no payments have been made thereon, and that there are no offsets against the same, to the knowledge of the claimant; or if any payments have been made, or any offsets exist that their nature and amount be shown by the evidence or stated in the affidavit. (1868-9, c. 113, s. 33; Code, s. 1425; Rev., s. 91; C.S., s. 98; 1973, c. 1329, s. 3; 1977, c. 446, s. 1; 2011-344, s. 4.)

§ 28A-19-3. Limitations on presentation of claims.

(a) All claims against a decedent's estate which arose before the death of the decedent, except contingent claims based on any warranty made in connection with the conveyance of real estate and claims of the United States and tax claims of the State of North Carolina and subdivisions thereof, whether due or to become due, absolute or contingent, liquidated or unliquidated, secured or unsecured, founded on contract, tort, or other legal basis, which are not presented to the personal representative or collector pursuant to G.S. 28A-19-1 by the date specified in the general notice to creditors as provided for in G.S. 28A-14-1(a) or in those cases requiring the delivery or mailing of notice as provided for in G.S. 28A-14-1(b), within 90 days after the date of the delivery or mailing of the notice if the expiration of said 90-day period is later than the date specified in the general notice to creditors, are forever barred against the estate, the personal representative, the collector, the heirs, and the devisees of the decedent. Provided further, if the expiration of said 90-day period is later than the date specified in the general notice to creditors, the notice delivered or mailed to each creditor, if any, shall be accompanied by a statement which specifies the deadline for filing the claim of the affected creditor.

(b) All claims against a decedent's estate which arise at or after the death of the decedent, except claims of the United States and tax claims of the State of North Carolina and subdivisions thereof whether due or to become due, absolute or contingent, liquidated or unliquidated, secured or unsecured, founded on contract, tort, or other legal basis are forever barred against the estate, the personal representative, the collector, the heirs, and the devisees of the decedent unless presented to the personal representative or collector as follows:

- (1) With respect to any claim based on a contract with the personal representative or collector, within six months after the date on which performance by the personal representative or collector is due;
- (2) With respect to any claim other than a claim based on a contract with the personal representative or collector, within six months after the date on which the claim arises.

(c) Except as otherwise provided by subsection (f) of this section, no claim shall be barred by the statute of limitations which was not barred thereby at the time of the decedent's death, if the claim is presented within the period provided by subsection (a) hereof.

(d) All claims of creditors upon whom there has been personal service of notice as provided in G.S. 28A-14-3 are forever barred unless presented to the personal representative or collector within the time and manner set out in this Article.

(e) Except as otherwise provided by subsection (f) of this section, unless a claim has been presented pursuant to G.S. 28A-19-1 giving notice of an action or special proceeding pending against a decedent at the time of the decedent's death and surviving under G.S. 28A-18-1 within the time provided by subsection (a) of this section, no recovery may be had

upon any judgment obtained in any such action or proceeding against the estate, the personal representative, the collector, the heirs, and the devisees of the decedent.

(f) All claims barrable under the provisions of subsections (a) and (b) hereof shall, in any event, be barred if the first publication or posting of the general notice to creditors as provided for in G.S. 28A-14-1 does not occur within three years after the death of the decedent.

(g) Nothing in this section affects or prevents any action or proceeding to enforce any mortgage, deed of trust, pledge, lien (including judgment lien), or other security interest upon any property of the decedent's estate, but no deficiency judgment will be allowed if the provisions of this section are not complied with.

(h) The word "claim" as used in this section does not apply to claims of heirs or devisees to their respective shares or interests in the decedent's estate in their capacity as such heirs or devisees.

(i) Nothing in this section shall bar:

(1) Any claim alleging the liability of the decedent or personal representative; or

(2) Any proceeding or action to establish the liability of the decedent or personal representative; or

(3) The recovery on any judgment against the decedent or personal representative to the extent that the decedent or personal representative is protected by insurance coverage with respect to such claim, proceeding or judgment or where there is underinsured or uninsured motorist coverage that might extend to such claim, proceeding, or judgment.

(j) Except as otherwise specifically provided in this section, the limitations on presentation of claims set forth in this section apply to claims by the State of North Carolina, its subdivisions, and its agencies. (1973, c. 1329, s. 3; 1977, c. 446, s. 1; 1979, c. 509, s. 1; 1989, c. 378, s. 3; c. 485, s. 65; 2011-344, s. 4.)

§ 28A-19-4. Payment of claims and charges.

As soon as the personal representative or collector is possessed of sufficient means over and above the other costs of administration, the personal representative or collector shall pay the year's allowances in the amounts and in the manner prescribed in G.S. 30-15 to 30-33. Prior to the date specified in the general notice to creditors as provided for in G.S. 28A-14-1, the personal representative or collector may pay such other claims and charges as the personal representative or collector deems in the best interest of the estate if the total assets are sufficient to pay all claims and charges against the estate. (1973, c. 1329, s. 3; 1977, c. 446, s. 1; 2011-344, s. 4.)

§ 28A-19-5. Contingent or unliquidated claims.

(a) If a contingent or unliquidated claim becomes absolute before the distribution of the estate of the decedent, it shall be paid in the same manner as absolute claims of the same class. In other cases the clerk of superior court may provide for the payment of contingent or unliquidated claims in any one of the following ways:

(1) The creditor and the personal representative or collector may determine, by agreement, arbitration, or compromise, the value of the contingent or unliquidated claim, according to its probable present worth, and with the approval of the clerk of superior court, it may be allowed and paid in the same manner as an absolute claim.

- (2) The clerk of superior court may order the personal representative or collector to retain sufficient funds to pay the claim if and when the same becomes absolute, and order distribution of the balance of the estate.
- (3) The clerk of superior court may order distribution of the estate as though the contingent or unliquidated claim did not exist, but the heirs and devisees of the estate of the decedent are liable to the creditor to the extent of the estate received by them, if the contingent or unliquidated claim thereafter becomes absolute; and the court may require such heirs and devisees to give bond for the performance of their liability to the contingent or unliquidated creditor.
- (4) Such other method as the clerk of superior court may order.

(b) With respect to a contingent or unliquidated claim rejected by a personal representative pursuant to G.S. 28A-19-16, the claimant may, within the three-month period prescribed by G.S. 28A-19-16, file a petition for an order of the clerk of superior court in accordance with subsection (a) of this section, provided that nothing in this section shall require the clerk of superior court to hear and determine the validity of, priority of, or amount of a contingent or unliquidated claim that has yet become absolute. (1973, c. 1329, s. 3; 2011-344, s. 4.)

§ 28A-19-6. Order of payment of claims.

(a) After payment of costs and expenses of administration, the claims against the estate of a decedent must be paid in the following order:

First class. Claims which by law have a specific lien on property to an amount not exceeding the value of such property.

Second class. Funeral expenses to the extent of three thousand five hundred dollars (\$3,500). This limitation shall not include burial place or gravestone. The preferential limitation herein granted shall be construed to be only a limit with respect to preference of payment and shall not be construed to be a limitation on reasonable funeral expenses which may be incurred; nor shall the preferential limitation of payment in the amount of three thousand five hundred dollars (\$3,500) be diminished by any Veterans Administration, social security or other federal governmental benefits awarded to the estate of the decedent or to the decedent's beneficiaries.

Third class. Costs associated with gravestones and reasonable costs for the purchase of a suitable burial place as provided in G.S. 28A-19-9 to the extent of one thousand five hundred dollars (\$1,500). The preferential limitation herein granted shall be construed to be only a limit with respect to preference of payment and shall not be construed to be a limitation on reasonable gravestone or burial place expenses which may be incurred; nor shall the preferential limitation of payment in the amount of one thousand five hundred dollars (\$1,500) be diminished by any Veterans Administration, social security or other federal governmental benefits awarded to the estate of the decedent or to the decedent's beneficiaries.

Fourth class. All dues, taxes, and other claims with preference under the laws of the United States.

Fifth class. All dues, taxes, and other claims with preference under the laws of the State of North Carolina and its subdivisions.

Sixth class. Judgments of any court of competent jurisdiction within the State, docketed and in force, to the extent to which they are a lien on the property of the decedent at the decedent's death. The Department of Health and Human Services is a sixth-class creditor for purposes of determining the order of claims against the estate; provided, however, that judgments in favor of

other sixth-class creditors docketed and in force before the Department seeks recovery for medical assistance shall be paid prior to recovery by the Department.

Seventh class. Wages due to any employee employed by the decedent, which claim for wages shall not extend to a period of more than 12 months next preceding the death; or if such employee was employed for the year current at the decease, then from the time of such employment; for medical services within the 12 months preceding the decease; for drugs and all other medical supplies necessary for the treatment of such decedent during the last illness of such decedent, said period of last illness not to exceed 12 months.

Eighth class. A claim for equitable distribution.

Ninth class. All other claims.

(b) Notwithstanding subsection (a) of this section, if payment of the commissions of the personal representative under G.S. 28A-23-3(g) would cause the estate to be unable to pay all claims against the estate of a decedent, then the commissions shall be limited to the amount allowed under G.S. 28A-23-3(a). (1868-9, c. 113, s. 24; Code, s. 1416; Rev., s. 87; C.S., s. 93; 1941, c. 271; 1955, c. 641, s. 1; 1967, c. 1066; 1973, c. 1329, s. 3; 1981, c. 383, ss. 1, 2; 1987, c. 286; 1995, c. 262, s. 8; 2005-180, s. 1; 2005-388, s. 2; 2009-288, s. 1; 2011-344, s. 4; 2013-378, s. 4.)

§ 28A-19-7. Satisfaction of claims other than by payment.

Notwithstanding any provision of law to the contrary,

- (1) If a decedent was liable in person at the time of the decedent's death for the payment or satisfaction of any claim or the performance, satisfaction, or discharge of any liability or obligation, whether joint or several, primary or secondary, direct or contingent, or enforceable in any other manner or form whatsoever, or
- (2) If only the property of a decedent or some part thereof was liable at the time of the decedent's death for the payment or satisfaction of any claim or the performance, satisfaction, or discharge or any liability or obligation, whether joint or several, primary or secondary, direct or contingent, or enforceable in any other manner or form against the property of the decedent but not against the decedent or the decedent's estate as a personal liability, and
- (3) If any person other than the personal representative of the decedent is willing to assume the liability of the decedent and of the decedent's estate or to receive or accept property of the decedent subject to such liability in cases where the decedent was not personally liable and the creditor, obligee, or other person for whose benefit such liability exists is willing to accept an agreement with that effect and to discharge the personal representative of the decedent and the estate of the decedent from the payment, satisfaction, or discharge of such liability, and
- (4) If such creditor, obligee, or other person for whose benefit such liability exists and the person assuming the liability or the person receiving or accepting property of the decedent subject to such liability shall execute, acknowledge, and deliver in the form and manner required for deeds conveying real property in North Carolina, an agreement between themselves as to such assumption of liability or the receipt or acceptance of property of the decedent subject to such liability which shall contain a release, as hereinafter defined, discharging

the personal representative of the decedent and the decedent's estate from the payment, satisfaction, or discharge of the liability, and thereafter the said creditor, obligee, or other person for whose benefit such liability exists shall have no remedy for the enforcement thereof except against the person assuming it or against the property subject to it as provided in the said agreement; then upon the filing with the clerk of superior court having jurisdiction over the estate and the personal representative of one duplicate original of the said agreement, or of a certified copy thereof if it is a duly recorded instrument, the same shall be accepted in the same manner as a voucher showing payment or discharge of the said liability in the accounts of the personal representative of the decedent.

The word "person" as used in this section shall include one or more natural persons, corporations, partnerships, or entities having the power to own property or to make contracts in regard thereto. The word "release" as used in this section shall include a covenant not to sue in any case in which an unqualified release or discharge of one obligee would discharge another, and if the liability involved is a negotiable instrument or other instrument transferable to a holder in due course, such release shall not be effective unless notice thereof is endorsed on the instrument involved, dated, and signed by the creditor or the holder of the indebtedness or person for whose benefit the property is encumbered. (1965, c. 1149; 1973, c. 1329, s. 3; 2011-344, s. 4.)

§ 28A-19-8. Funeral expenses of decedent.

(a) Any person authorized under G.S. 130A-420 to dispose of a decedent's body may bind a decedent's estate for funeral expenses and related charges, including interest and finance charges, in accordance with this section, including the execution and delivery on behalf of the estate of any agreements, promissory notes, and other instruments relating to the estate. Whether or not a personal representative of the estate has been appointed at the time the expenses are incurred, funeral expenses of a decedent, together with interest or finance charges if financed by the funeral establishment or a third-party creditor, or advanced by a health care agent exercising authority described in G.S. 32A-19(b), shall be considered as an obligation of the estate of the decedent and the decedent's estate shall be primarily liable for those expenses to the funeral establishment that provided the funeral service, to any third-party creditor that finances the payment of those expenses, or to any other person described in this section who has paid such expenses.

(b) The provisions of this section shall not affect the application of G.S. 28A-19-6 or G.S. 130A-420. (1969, c. 610, s. 1; 1973, c. 1329, s. 3; 1999-166, s. 1; 2011-344, s. 4.)

§ 28A-19-9. Gravestone and burial place authorized.

(a) If the decedent has duly appointed a health care agent pursuant to Article 3 of Chapter 32A of the General Statutes to provide for these expenses, the health care agent may make arrangements to provide a suitable gravestone to mark the grave of the testator or intestate, and the personal representative shall reimburse the health care agent subject to the monetary limitations and procedures contained in this section. If the decedent did not have a health care agent, or if the health care agent does not act, it is lawful for a personal representative or the decedent's duly appointed health care agent to provide a suitable gravestone to mark the graves of the testator or intestate and to pay for the cost of erecting the same. The cost thereof shall be

treated as a third class claim under G.S. 28A-19-6 and credited as such in final accounts. The costs thereof shall be in the sound discretion of the personal representative or health care agent, having due regard to the value of the estate and to the interests of creditors and needs of the surviving spouse and the heirs and devisees of the estate. Where the personal representative or health care agent desires to spend more than one thousand five hundred dollars (\$1,500) for the purpose of a gravestone, and the will does not grant specific authority to the personal representative for such expenditures in excess of one thousand five hundred dollars (\$1,500), the personal representative shall file a petition before the clerk of the court, and such order as will be made by the court shall specify the amount to be expended for such purpose. In specifying the amount, the clerk may consider the value of the estate. To the extent that the personal representative or health care agent advances the costs for providing a suitable gravestone to mark the graves of the testator or intestate and for erecting the same, the advancement shall be considered as an obligation of the decedent's estate, and the decedent's estate shall be primarily liable for the costs for providing a suitable gravestone to mark the graves of the testator or intestate and for erecting the same.

(b) It is lawful for the decedent's duly appointed health care agent to provide a suitable burial place for the testator or intestate. If the decedent did not have a health care agent, or if the health care agent does not act, then the personal representative may provide a suitable burial place for the testator or intestate. The cost of a suitable burial place shall be in the sound discretion of the personal representative or the decedent's health care agent, having due regard to the value of the estate and to the interests of creditors and needs of the surviving spouse and the heirs and devisees of the estate, and shall be treated as a third class claim under G.S. 28A-19-6. (1905, c. 444; Rev., s. 102; C.S., s. 108; 1925, c. 4; 1941, c. 102; 1951, c. 373; 1973, c. 1329, s. 3; 2009-288, s. 2; 2011-344, s. 4.)

§ 28A-19-10. Perpetual care of cemetery lot.

It shall be lawful for a personal representative to provide for perpetual care for the lot upon which is located the grave of the testator or intestate, and the cost thereof shall be paid and credited as such in final accounts: Provided, that the provisions of this section shall be applicable to an interment made in a cemetery authorized by law to operate as a perpetual-care cemetery or association, and the cost thereof shall be in the sound discretion of the personal representative having due regard to the value of the estate and to the interest of the surviving spouse and the heirs and devisees of the estate. Provided, where the personal representative desires to spend more than two hundred fifty dollars (\$250.00) for such purpose, and the will does not grant specific authority to the personal representative for such expenditure in excess of two hundred fifty dollars (\$250.00), the personal representative shall file the personal representative's petition before the clerk of the superior court and such order as will be made by the court shall specify the amount to be expended for such purpose. (1945, c. 756; 1973, c. 1329, s. 3; 2011-344, s. 4.)

§ 28A-19-11. Pleading statute of limitations.

When claims are not barred pursuant to G.S. 28A-19-3, it shall be within the discretion of the personal representative or collector acting in good faith to determine whether or not any applicable statute of limitations shall be pleaded to bar a claim which the personal representative or collector believes to be just. The personal representative's or collector's admission of such claim or the personal representative's or collector's decision not to plead the statute in an action

brought on the claim shall, in the absence of any showing of collusion or bad faith, be binding on all persons interested in the estate. (1973, c. 1329, s. 3; 2011-344, s. 4.)

§ 28A-19-12. Claims due representative not preferred.

No property or assets of the decedent shall be retained by the personal representative or collector in satisfaction of the personal representative's or collector's own claim, in preference to others of the same class. Prior to payment of the personal representative's or collector's own claim the personal representative or collector shall receive written approval of the clerk of superior court. If the clerk does not approve the claim the personal representative or collector may refer the claim as a disputed claim under the provisions of G.S. 28A-19-15. The provisions of G.S. 28A-19-1 and G.S. 28A-19-3 shall not apply to such claims and the personal representative or collector may present the personal representative's or collector's own claim at any time prior to the filing of the personal representative's or collector's final account. (1868-9, c. 113, s. 28; Code, s. 1420; Rev., s. 89; C.S., s. 96; 1973, c. 1329, s. 3; 1979, c. 525, s. 4; 2011-344, s. 4.)

§ 28A-19-13. No preference within class.

No personal representative or collector shall give to any claim any preference whatever, either by paying it out of its class or by paying thereon more than a pro rata proportion in its class. (1868-9, c. 113, ss. 25, 26; Code, ss. 1417, 1418; Rev., s. 88; C.S., s. 94; 1973, c. 1329, s. 3.)

§ 28A-19-14. Claims not due rebated.

Claims owed by the estate but not yet due may be paid by the personal representative on a rebate of interest thereon for the time unexpired. (1868-9, c. 113, s. 27; Code, s. 1419; Rev., s. 90; C.S., s. 97; 1973, c. 1329, s. 3.)

§ 28A-19-15. Disputed claim may be referred.

If the personal representative doubts the justness of any claim so presented, the personal representative may enter into an agreement, in writing, with the claimant, to refer the matter in controversy, whether the same be of a legal or equitable nature, to one or more disinterested persons, not exceeding three, whose proceedings shall be the same in all respects as if such reference had been ordered in an action. Such agreement to refer, and the award thereupon, shall be filed in the clerk's office where the letters were granted, and shall be a lawful voucher for the personal representative. The same may be impeached in any proceeding against the personal representative for fraud therein: Provided, that the right to refer claims under this section shall extend to claims in favor of the estate as well as those against the estate. (1868-9, c. 113, s. 34; 1872-3, c. 141; Code, s. 1426; Rev., s. 92; C.S., s. 99; 1973, c. 1329, s. 3; 2011-344, s. 4.)

§ 28A-19-16. Disputed claim not referred barred in three months.

If a claim is presented to and rejected by the personal representative or collector, and not referred as provided in G.S. 28A-19-15, the claimant must, within three months, after due notice in writing of such rejection, commence an action for the recovery thereof, or in the case of a contingent or unliquidated claim, file a petition for an order from the clerk of superior court pursuant to G.S. 28A-19-5(b), or be forever barred from maintaining an action thereon. (1868-9,

c. 113, s. 35; Code, s. 1427; Rev., s. 93; 1913, c. 3, s.1; C.S., s. 100; 1961, c. 742; 1973, c. 1329, s. 3; 2011-344, s. 4.)

§ 28A-19-17. No lien by suit against representative.

No lien shall be created by the commencement of a suit against a personal representative or collector. (1868-9, c. 113, s. 41; Code, s. 1432; Rev., s. 95; C.S., s. 102; 1973, c. 1329, s. 3.)

§ 28A-19-18. When costs against representative allowed.

No costs shall be recovered in any action against a personal representative or collector unless it appears that payment was unreasonably delayed or neglected, or that the defendant refused to refer the matter in controversy, in which case the court may award such costs against the defendant personally, or against the estate, as may be just. (1868-9, c. 113, s. 38; Code, s. 1429; Rev., s. 97; C.S., s. 103; 1973, c. 1329, s. 3.)

§ 28A-19-19. Claims for equitable distribution.

(a) The provisions of G.S. 28A-19-5 and G.S. 28A-19-7 shall not apply to claims for equitable distribution.

(b) The personal representative may enter into an agreement, in writing, with a claimant providing for distribution of marital or divisible property, or both, in a manner deemed by the personal representative and the claimant to be equitable. The agreement shall be filed in the clerk's office where the letters were granted and shall be a lawful voucher for the personal representative. The same may be impeached in any proceeding against the personal representative for fraud therein.

(c) Unless the claim for equitable distribution has been referred as provided in G.S. 28A-19-15, the claimant may at anytime, subject to the provisions of G.S. 28A-19-16, file an action with the district court for distribution of marital or divisible property in accordance with the provisions of G.S. 50-20. (2003-168, s. 3.)